

PHIL BREDESEN
GOVERNOR

STATE OF TENNESSEE
DEPARTMENT OF FINANCIAL INSTITUTIONS
414 UNION STREET, SUITE 1000
NASHVILLE, TENNESSEE 37219
(615) 741-2236 FAX (615) 741-2883

GREG GONZALES
COMMISSIONER

To: Tennessee Industrial Loan and Thrift ("TILT") Companies
From: Mike Igney, Assistant Commissioner/Compliance *M.I.*
Subj: Licensing and Registration Updates
Date: October 7, 2009

Public Chapter No. 499 was signed into law by Governor Bredesen on June 23, 2009 in order to bring the mortgage licensing laws of Tennessee into compliance with the federal *Secure and Fair Enforcement for Mortgage Licensing Act of 2008* (SAFE Act). As previously reported, the Tennessee Department of Financial Institutions (TDFI) will continue to provide you with information on how the new laws affect your company's registration, including the new licensing requirements for your employees acting as mortgage loan originators (MLOs):

- **Criminal Background Check**

As part of the application for a license, each MLO must submit to a fingerprint background check. **Any MLOs that you have registered with the TDFI are strongly encouraged to submit to this background check now rather than waiting to do so at time of application.** By being fingerprinted now, an MLO can help expedite the processing of their license application that will be filed later in the year. Fingerprint instructions can be found at the following address **<http://state.tn.us/tdfi/compliance/mortgage/index.html>**.

- **MLO License v. Registration**

- Any MLO that is currently registered with your company must apply for a license from the TDFI through the Nationwide Mortgage Licensing System (NMLS) during the period November 1 through December 31, 2009. **When registering on NMLS, and filing the application (form MU4), be certain to input the originator license number (including the "T" prefix) from the Department website <http://state.tn.us/tdfi/compliance/LoanOriginators.htm>.** Mortgage loan originators are listed under the name of the sponsoring company. As long as the application is filed during the period November 1 through December 31, 2009, the MLO may continue to originate loans for your company even after December 31, 2009, until such time as the Department acts on their license application.

- For any MLOs that were not registered with the Department by July 31, 2009 – they **must be licensed** and also “**sponsored**” by your company prior to originating mortgage loans. To obtain a license, the MLO must be fingerprinted and file an application through the NMLS. To sponsor a licensed MLO, you will need to complete and return the enclosed “sponsorship form”.
- MLO licenses are considered to be either “*active*” or “*inactive*” with the distinction being whether the MLO is sponsored by a registered TILT company. An MLO can only be “sponsored” by one registered TILT company at a time and can only work for the sponsoring company (and not for affiliates, subsidiaries, etc.). If a licensed MLO changes employer affiliations, the license becomes inactive until such time as the MLO is sponsored by another registered TILT company. Sponsorship by a new company requires payment of a sponsorship fee of \$100.00. **Note:** sponsorship is “automatic” for each MLO that was registered with your company prior to July 31, 2009 (meaning that no sponsorship fee is owed for these individuals). During any period that a license is inactive, the MLO is not authorized under law to originate loans.
- **SAFE Mortgage Loan Originator Test (MLO Test)**
All MLOs must take and pass the MLO Test comprised of two components: a National Component and a State-specific Component. Both components must be passed by July 30, 2010 to retain licensure. The National component is now available. Information about test preparation and how to locate a testing location nearest you, is available at the following address: <http://www.stateregulatoryregistry.org/AM/Template.cfm?Section=Testing>. The Tennessee State-specific Component will not be ready until 2010.
- **Pre-Licensure Coursework and Continuing Education**
All MLOs must complete twenty (20) hours of NMLS-approved pre-licensure education by July 30, 2010 to retain licensure. NMLS-approved courses can be found at the website address listed above. Beginning in calendar year 2011, all licensed MLOs will be required to annually complete eight (8) hours of NMLS-approved continuing education.

QUESTIONS

The TDFI website (<http://www.tennessee.gov/tdfi/>) contains additional information including Public Chapter No. 499 and the SAFE Act. You are encouraged to check back regularly for updated information. Specific questions may be directed via e-mail to askmortgage.licensing@tn.gov or call (615) 253-6714 to leave a message for a return call. Please contact the NMLS call center at (240) 386-4444 (or on-line at www.stateregulatoryregistry.org/nmls) for NMLS-specific questions including assistance in submitting a filing through the system.

(For Industrial Loan and Thrift Companies Only)

Instructions: Complete the requested company information, and then list the Mortgage Loan Originator(s) you are sponsoring for the particular branch office. A new form should be completed to sponsor Mortgage Loan Originator(s) for a different branch office. Send the completed form, along with a check for the sponsorship fee of \$100.00 per Mortgage Loan Originator (send one check for the total amount payable to "Tenn. Dept. of Financial Institutions"), to:

TN Department of Financial Institutions
Attn: Fiscal Section/Data Entry Unit
414 Union Street, Suite 1000
Nashville, TN 37219

Company Name: _____
Branch Office Address: _____
Branch Certificate of Registration Number: _____
Contact Person: _____ **Telephone:** _____ **Date:** _____

Mortgage Loan Originators(s) sponsored at this branch office (copy this form if necessary):

- | | | | |
|----|---|-------|-------------|
| 1. | _____ | _____ | _____ |
| | (First Name) | (MI) | (Last Name) |
| | Mortgage Loan Originator License #: _____ | | |
| 2. | _____ | _____ | _____ |
| | (First Name) | (MI) | (Last Name) |
| | Mortgage Loan Originator License #: _____ | | |
| 3. | _____ | _____ | _____ |
| | (First Name) | (MI) | (Last Name) |
| | Mortgage Loan Originator License #: _____ | | |
| 4. | _____ | _____ | _____ |
| | (First Name) | (MI) | (Last Name) |
| | Mortgage Loan Originator License #: _____ | | |
| 5. | _____ | _____ | _____ |
| | (First Name) | (MI) | (Last Name) |
| | Mortgage Loan Originator License #: _____ | | |
| 6. | _____ | _____ | _____ |
| | (First Name) | (MI) | (Last Name) |
| | Mortgage Loan Originator License #: _____ | | |

Important Information: The Department cannot approve a mortgage loan originator sponsorship request unless and until the mortgage loan originator has obtained a mortgage loan originator license from the Department, and only after any existing sponsorship is terminated. If a mortgage loan originator moves from one (1) branch office of a registrant to another branch office, the registrant must notify the Department in writing within fourteen (14) days of the change. The sponsorship of a mortgage loan originator will remain valid so long as the mortgage loan originator maintains his/her license, unless the sponsoring registrant's authority to make residential mortgage loans expires or is revoked or otherwise terminates, or if the mortgage loan originator ceases providing services for that registrant.

